

COMMITTEE ON GOVERNMENT REFORM
CONGRESSMAN TOM DAVIS, CHAIRMAN



NEWS RELEASE

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House-Approved Defense Authorization Bill
Includes Davis Personnel and Procurement Reforms

Washington, D.C.—The FY2004 Department of Defense Authorization bill approved by the House this evening includes historic reforms to the government's civil service and procurement systems authored by Government Reform Committee Chairman Tom Davis (R-VA).

The legislation includes the National Security Personnel System (NSPS), legislation introduced by Davis and Armed Services Committee Chairman Duncan Hunter that includes critically important civil service reforms for the Department of Defense; an amendment authored by Davis creating a Human Capital Performance Fund for federal employees; and the vast majority of H.R. 1837, the Services Acquisition Reform Act -- another of Davis' top priority reform bills this Congress.

Davis statement on the NSPS:

"Tonight the House has authorized the Department of Defense to establish a human resources management system that is agile, flexible, and achievement-oriented – while maintaining employee safeguards that are part and parcel of a fair and just civil service system.

"The National Security Personnel System will fix obsolete personnel management systems at the Department of Defense so employees can do their jobs and protect America. The guiding principle is national security.

"Some have asked why we're seeking such changes when a successful military campaign in Iraq has shown that the existing system works. The reality is, our armed forces have achieved dramatic success around the globe because they have a military personnel management framework that permits them to act cohesively, with agility and flexibility. We simply can't say the same about the system governing *civilian* DOD employees, who are just as competent, just as dedicated, just as important – but who work under a system that is fragmented, slow, and lacking in performance criteria.

"With NSPS, we have followed up on Congress' decision last fall to allow the 170,000-employee Department of Homeland Security to establish a modern-day civil

service system. Why does DOD need similar flexibility? Because it takes an average of five months to hire, and 18 months to fire civilian employees. Because it is position, not performance, that determines salary – and the mere passage of time that brings pay raises. Because the vast majority of federal employees themselves recognize that dealing with poor performers is a serious problem in their agencies.

“In Iraq, just 1,500 of the 9,000 civilians supporting the effort are DOD civilian employees. The others are contractors. Why? Because we lack the flexibility to identify and deploy more of them when we need to.

“Critics say we’re moving too fast. But we’ve been examining the need for personnel reform for decades, and have received ample feedback from both union and non-union employees. Their verdict is clear: they’re tired of laboring under a management system that stunts opportunity, minimizes rewards, and offers little incentive for risk-taking.

“What we get out of government depends directly on who we get into government – and it’s getting harder and harder to attract good people into government. When it comes to our civil service system, the tradition of preserving traditions has become a tradition. It’s time for that to change.”

Davis statement on the Human Capital Performance Fund:

“The Human Capital Performance Fund will enable agencies to reward their highest-performing and most valuable employees -- a common-sense idea that the current civil service system prohibits.

“Quality people want to work in an atmosphere where performance is rewarded. The workforce crisis is due in large part to a compensation system written decades ago, in a different world. The General Schedule system is built on 19th century principles of centralized policy development, rigid job classifications, and uniform pay scales. It is, in effect, a one-size-fits-all philosophy where seniority and longevity are the principle factors for advancement. It is this system that has caused many to leave the government workforce. It is this system that makes a culture of achievement nearly impossible to achieve.

“The incentive payments paid to employees from the performance fund would be in addition to an employee’s current salary and General Schedule grade; be continuing rather than just a ‘one-time’ bonus; and be part of base pay for purposes of retirement and other benefits. The legislation also emphasizes respect for equal annual pay raises for civilian and military federal employees.

“I’ve long been a champion of the tradition of pay parity between military and civilian employees, believing equal pay raises are the good and just thing to do. It’s time for pay parity *plus* performance, for annual pay increases *and* bonuses for the best and brightest.”

Davis statement on procurement reform provisions:

“The services acquisition reforms in this legislation respond to the reality that we do not have the right people with the right skills and the right tools to manage the acquisition of services and technology that the government so desperately needs. Each

year our government spends over \$200 billion buying goods and services. More than half of that, over \$135 billion, is now spent on services, making services the government's single largest spending category. There are serious questions as to whether we're spending that money wisely.

"My reforms are targeted at the root causes of our current dilemma. It consists of a carefully crafted set of inter-related legislative proposals that will address the multiple deficiencies plaguing government acquisition today: (1) the lack of up-to-date, comprehensive training for our acquisition professionals; (2) the inability of the current government structure to reflect business-like practices by integrating the acquisition function into overall agency missions and facilitating cross-agency acquisitions and information sharing; and (3) the lack of good tools and incentives to encourage the participation of the best commercial firms in the government market.

"This legislation will put the tools needed to access the commercial service and technology market in the hands of a trained workforce that will have the discretion necessary to choose the best value for the government -- and be held accountable for those choices.

"The federal government faces historic challenges. At the same time it sits on the brink of unprecedented opportunity. We need to develop new methods to harness the magic of our dynamic private marketplace to meet the needs of the American people. SARA will do just that."

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